

House Engrossed

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 234

HOUSE BILL 2635

AN ACT

RELATING TO STATE HEALTH BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)



Be it enacted by the Legislature of the State of Arizona:

Section 1. County acute care contribution; fiscal years
2001-2002 and 2002-2003

A. Notwithstanding section 11-292, Arizona Revised Statutes, for fiscal years 2001-2002 and 2002-2003 for the provision of hospitalization and medical care, the counties shall contribute a total of \$66,689,500 based on the following percentages:

1. Apache:	0.403%
2. Cochise:	3.321%
3. Coconino:	1.114%
4. Gila:	2.119%
5. Graham:	0.804%
6. Greenlee:	0.286%
7. La Paz:	0.318%
8. Maricopa:	57.969%
9. Mohave:	1.856%
10. Navajo:	0.466%
11. Pima:	22.420%
12. Pinal:	4.072%
13. Santa Cruz:	0.724%
14. Yavapai:	2.141%
15. Yuma:	1.987%

B. If any county does not provide funding as specified in subsection A of this section, the state treasurer shall subtract the amount owed to the Arizona health care cost containment system and long-term care system fund established pursuant to section 36-2913, Arizona Revised Statutes, by the county from any payments required to be made by the state treasurer to that county pursuant to section 42-5029, subsection D, paragraph 2, Arizona Revised Statutes, plus interest on that amount pursuant to section 44-1201, Arizona Revised Statutes, retroactive to the first day the funding was due.

If the monies the state treasurer withholds are insufficient to meet that county's funding requirements as specified in subsection A of this section, the state treasurer shall withhold from any other monies payable to that county from whatever state funding source is available an amount necessary to fulfill that county's requirement. The state treasurer shall not withhold distributions from the highway user revenue fund pursuant to title 28, chapter 18, article 2, Arizona Revised Statutes.

C. Payment of an amount equal to one-twelfth of the total amount determined pursuant to subsection A of this section shall be made to the state treasurer on or before the fifth day of each month. On request from the director of the Arizona health care cost containment system administration, the state treasurer shall require that up to three months' payments be made in advance, if necessary.

D. The state treasurer shall deposit the amounts paid pursuant to subsection C of this section and amounts withheld pursuant to subsection B

1 of this section in the Arizona health care cost containment system and
2 long-term care system fund established by section 36-2913, Arizona Revised
3 Statutes.

4 E. If payments made pursuant to subsection C of this section exceed
5 the amount required to meet the costs incurred by the Arizona health care
6 cost containment system for the hospitalization and medical care of those
7 persons defined as eligible pursuant to section 36-2901, paragraph 4,
8 subdivisions (a), (b) and (c), Arizona Revised Statutes, the director of the
9 Arizona health care cost containment system administration may instruct the
10 state treasurer either to reduce remaining payments to be paid pursuant to
11 this section by a specified amount or to provide to the counties specified
12 amounts from the Arizona health care cost containment system and long-term
13 care system fund.

14 Sec. 2. AHCCCS withdrawals; purposes; transfer

15 A. Notwithstanding any other law, for fiscal year 2001-2002, the
16 Arizona health care cost containment system administration shall withdraw,
17 as necessary, the sum of \$65,200,200 from the medically needy account of the
18 tobacco tax and health care fund established pursuant to section 36-774,
19 Arizona Revised Statutes, subject to the availability of monies in the
20 account for the following purposes and the withdrawals shall be made before
21 the withdrawals for those purposes prescribed in section 36-2921, Arizona
22 Revised Statutes:

23 1. \$10,398,200 to continue the scheduled phaseout of the quick payment
24 discount required by:

25 (a) Laws 1992, chapter 302, section 14, as amended by Laws 1993,
26 second special session, chapter 6, section 27 and Laws 1995, first special
27 session, chapter 5, section 6.

28 (b) Laws 1993, second special session, chapter 6, section 29, as
29 amended by Laws 1995, first special session, chapter 5, section 8 and Laws
30 1999, chapter 313, section 32.

31 2. \$10,000,000 to discontinue the annual ten million dollar discount
32 on private hospital reimbursement required by Laws 1993, second special
33 session, chapter 6, section 39, as amended by Laws 1995, first special
34 session, chapter 5, section 10.

35 3. \$4,422,600 to provide coverage for an extended maternity length of
36 stay of no less than forty-eight hours after a normal delivery or ninety-six
37 hours after a caesarean section.

38 4. \$1,349,600 to fund the cost of HIV/AIDS drug treatment and the
39 medical costs associated with the administration and monitoring of the
40 treatment.

41 5. \$4,542,200 for state match to continue funding to replace federal
42 monies reduced due to lower federal matching assistance percentage for prior
43 fiscal years.

44 6. \$5,276,000 to fund fifty per cent of the cost of medical inflation
45 in fiscal year 1999-2000.

1 7. Up to \$18,384,600 to be deposited in the children's health
2 insurance program fund established by section 36-2995, Arizona Revised
3 Statutes, for state matching monies for the children's health insurance
4 program. Before the withdrawal of these monies, the administration shall
5 expend any medically needy account monies remaining in the children's health
6 insurance program fund from prior year appropriations.

7 8. \$1,000,000 to be transferred to the department of health services
8 for AIDS medications provided through the Arizona drug assistance program.

9 9. \$8,000,000 to be transferred to the department of health services
10 for psychotropic medications for seriously mentally ill persons who are not
11 eligible for Title XIX.

12 10. \$1,000,000 to be transferred to the department of health services
13 for community health centers.

14 11. \$477,000 to be transferred to the department of health services
15 for the Arizona statewide immunization information system.

16 12. \$350,000 to be transferred to the department of health services
17 for Hepatitis C disease surveillance.

18 B. Notwithstanding any other law, for fiscal year 2002-2003, the
19 Arizona health care cost containment system administration shall withdraw,
20 as necessary, the sum of \$69,124,200 from the medically needy account of the
21 tobacco tax and health care fund established pursuant to section 36-774,
22 Arizona Revised Statutes, subject to the availability of monies in the
23 account for the following purposes and the withdrawals shall be made before
24 the withdrawals for those purposes prescribed in section 36-2921, Arizona
25 Revised Statutes:

26 1. \$11,630,000 to continue the scheduled phaseout of the quick payment
27 discount required by:

28 (a) Laws 1992, chapter 302, section 14, as amended by Laws 1993,
29 second special session, chapter 6, section 27 and Laws 1995, first special
30 session, chapter 5, section 6.

31 (b) Laws 1993, second special session, chapter 6, section 29, as
32 amended by Laws 1995, first special session, chapter 5, section 8 and Laws
33 1999, chapter 313, section 32.

34 2. \$10,000,000 to discontinue the annual ten million dollar discount
35 on private hospital reimbursement required by Laws 1993, second special
36 session, chapter 6, section 39, as amended by Laws 1995, first special
37 session, chapter 5, section 10.

38 3. \$4,555,300 to provide coverage for an extended maternity length of
39 stay of no less than forty-eight hours after a normal delivery or ninety-six
40 hours after a caesarean section.

41 4. \$1,349,600 to fund the cost of HIV/AIDS drug treatment and the
42 medical costs associated with the administration and monitoring of the
43 treatment.

1 5. \$4,542,200 for state match to continue funding to replace federal
2 monies reduced due to lower federal matching assistance percentage for prior
3 fiscal years.

4 6. \$5,276,000 to continue funding for fifty per cent of the cost of
5 medical inflation from fiscal year 1999-2000.

6 7. \$21,944,100 to be deposited in the children's health insurance
7 program fund established by section 36-2995, Arizona Revised Statutes, for
8 state matching monies for the children's health insurance program.

9 8. \$1,000,000 to be transferred to the department of health services
10 for AIDS medications provided through the Arizona drug assistance program.

11 9. \$8,000,000 to be transferred to the department of health services
12 for psychotropic medications for seriously mentally ill persons who are not
13 eligible for Title XIX.

14 10. \$477,000 to be transferred to the department of health services
15 for the Arizona statewide immunization information system.

16 11. \$350,000 to be transferred to the department of health services
17 for Hepatitis C disease surveillance.

18 C. The Arizona health care cost containment system administration may
19 transfer monies between the amounts listed in subsection A, paragraphs 1
20 through 5 of this section to other amounts listed in subsection A, paragraphs
21 1 through 5 of this section and between the amounts listed in subsection B,
22 paragraphs 1 through 5 of this section to other amounts listed in subsection
23 B, paragraphs 1 through 5 of this section after review by the joint
24 legislative budget committee.

25 Sec. 3. Inpatient hospital reimbursement pilot program

26 A. Notwithstanding any other law, beginning on October 1, 2001 and
27 ending on September 30, 2003, the Arizona health care cost containment system
28 administration shall establish and operate a pilot program for inpatient
29 hospital reimbursement in any county with a population of more than five
30 hundred thousand persons according to the most recent United States decennial
31 census and pursuant to this section.

32 B. Beginning on October 1, 2001, the director of the Arizona health
33 care cost containment system administration shall require any prepaid
34 capitated provider to enter into contracts with one or more hospitals in
35 these counties and to reimburse those hospitals for services provided under
36 title 36, chapter 29, Arizona Revised Statutes, based on reimbursement levels
37 negotiated with each hospital and specified in the contract and under terms
38 and conditions on which the prepaid capitated provider and the hospital agree
39 and under all of the following conditions:

40 1. The director may review and approve or disapprove the reimbursement
41 levels, terms and conditions agreed on by the prepaid capitated provider and
42 the hospital.

43 2. If the prepaid capitated provider implements an electronic claims
44 submission system it may adopt procedures requiring documentation of the
45 system.

1 3. Payment received by a hospital from a prepaid capitated provider
2 is considered payment in full by the prepaid capitated provider. A hospital
3 may collect any unpaid portion of its bill from other third party payors or
4 in situations covered by title 33, chapter 7, article 3, Arizona Revised
5 Statutes.

6 C. If a prepaid capitated provider and a hospital do not enter into
7 a contract pursuant to subsection B of this section, the reimbursement level
8 for inpatient services provided on dates of service from and after September
9 30, 2001 for that hospital shall be the reimbursement level defined in
10 section 36-2903.01, Arizona Revised Statutes, multiplied by ninety-five per
11 cent. For purposes of this subsection, "dates of service" means the date of
12 discharge for a patient in an inpatient hospital setting who is eligible for
13 the Arizona health care cost containment system.

14 D. For outpatient hospital services provided under the pilot program
15 prescribed in this section, a prepaid capitated provider may reimburse a
16 hospital either pursuant to rates and terms negotiated in a contract between
17 the prepaid capitated provider and the hospital or pursuant to section
18 36-2903.01, subsection J, paragraph 3, Arizona Revised Statutes.

19 E. Any contracts established pursuant to this section shall specify
20 that arbitration may be used in lieu of the grievance and appeal procedure
21 prescribed in section 36-2903.01, subsection B, Arizona Revised Statutes, to
22 resolve any disputes arising under the contract.

23 Sec. 4. Temporary assistance for needy families monies; use

24 Notwithstanding Laws 2000, chapter 382, section 5, the \$10,000,000
25 appropriation from the temporary assistance for needy families block grant
26 for fiscal year 2000-2001 may be expended from the joint substance abuse
27 treatment fund established by section 8-881, Arizona Revised Statutes, until
28 June 30, 2002.

29 Sec. 5. Telecommunications and poison control funding;
30 2001-2002 and 2002-2003 fiscal year tax rates

31 Notwithstanding section 36-1947 and section 42-5252, subsection A,
32 paragraph 1, Arizona Revised Statutes, and notwithstanding any other tax
33 rate, for fiscal years 2001-2002 and 2002-2003, the tax rate levied under
34 section 42-5252, subsection A, paragraph 1, Arizona Revised Statutes, is one
35 and one-tenth per cent, of which eight-tenths of one per cent shall be
36 deposited in the telecommunications fund for the deaf established pursuant
37 to section 36-1947, Arizona Revised Statutes, and three-tenths of one per
38 cent shall be deposited in the poison control fund administered by the
39 department of health services, subject to legislative appropriation.

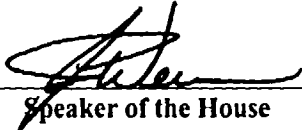
~~APPROVED BY THE GOVERNOR APRIL 24, 2001.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 24, 2001.~~

Passed the House April 11, 2001,

by the following vote: 49 Ayes,

7 Nays, 4 Not Voting

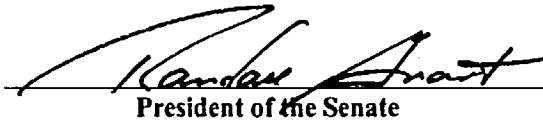

Speaker of the House

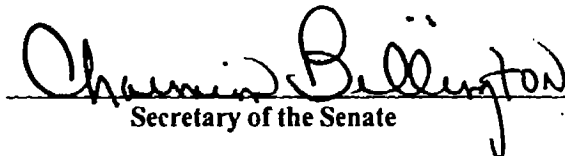

Chief Clerk of the House

Passed the Senate April 12, 2001,

by the following vote: 24 Ayes,

6 Nays, 0 Not Voting


President of the Senate

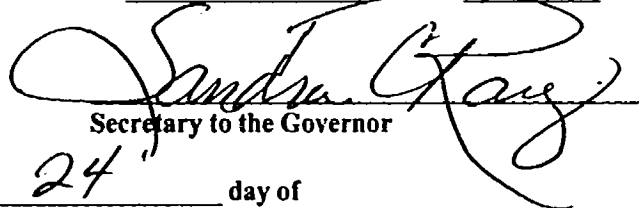

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

18 day of April, 2001,

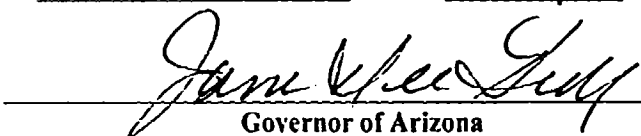
at 9:44 o'clock A M.


Secretary to the Governor

Approved this 24 day of

April, 2001,

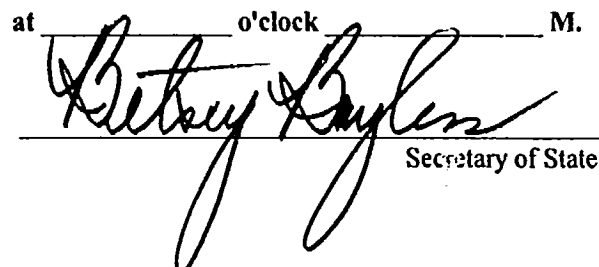
at 3:15 o'clock P M.


Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this _____ day of _____, 20____,

at _____ o'clock _____ M.


Secretary of State

H.B. 2635